

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6773

BILL NUMBER: HB 1242

NOTE PREPARED: Mar 31, 2003

BILL AMENDED: Mar 27, 2003

SUBJECT: Various Local Government Matters.

FIRST AUTHOR: Rep. Ayres

FIRST SPONSOR: Sen. Skillman

BILL STATUS: As Passed - Senate

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: (Amended) This bill requires the investing officer of most political subdivisions to use multiple depositories. It removes the requirement that multiple depositories be used for investment certificates of deposit. The bill removes the requirement of certifying a budget transfer within a political subdivision to the county auditor. The bill also allows a fiscal officer to appropriate insurance receipts.

This bill makes changes to the law concerning the *Annual Road and Street Report*. It requires a transfer to a local rainy day fund to be made after the last day of the fiscal year and before March 1 of the subsequent calendar year. The bill provides that a local rainy day fund may be established only by ordinance or resolution.

The bill repeals a requirement that a fiscal body find that the proposed use of a local rainy day fund is consistent with the intent of the fund before appropriating money from the fund. The bill also allows a political subdivision to collect a charge from a credit card user to cover costs charged to the political subdivision for accepting credit cards.

The bill changes the deadline for adoption of a police and firefighter salary ordinance in a second class city from August 20 to September 20. It also allows a municipality with a fire department to establish a hazardous materials response fund for the deposit of service charges imposed for hazardous materials emergencies.

It restates the annual meeting of the township legislative body in accordance with IC 36-6-6-9. The bill also eliminates the requirement that deputies and other employees of a township assessor and other assistants in township offices be paid on a monthly basis.

This bill eliminates the prohibition on distributing money from the public mass transportation fund to a

public transportation corporation in Marion County. It provides that a contract for a cash management system may be renewed with the same or better terms if the county fiscal body or political subdivision and fiscal officer of the political subdivision agree to the renewal. The bill also allows an agent of the county treasurer to serve a written demand for delinquent personal property taxes.

This bill creates deadlines for processing of refund claims from the county surplus tax fund. It repeals a statute that requires the fiscal officer of South Bend and Mishawaka to deposit city funds with the county treasurer and the county treasurer to disburse city funds upon receipt of city warrants. The bill also removes a provision that provides that the duties of the city fiscal officer of South Bend and Mishawaka with regard to the sale of bonds shall be performed by the county treasurer of St. Joseph County.

Effective Date: July 1, 2003.

Explanation of State Expenditures: *Annual Road and Street Report* - The Board of Accounts reports that the provisions of this proposal will have no fiscal impact on them.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Annual Road and Street Report* - For local units, this proposal will provide additional time in which to complete the *Annual Road and Street Report*, and, depending upon the format developed by the State Board of Accounts, it may save staff time in its preparation.

Public Mass Transportation Fund - This provision removes an additional step in the process of distributing money from the fund. It should have minimal fiscal impact as it may reduce administrative costs.

Explanation of Local Revenues: *Credit Card Refunds and Charges* - This bill provides that a political subdivision or municipally owned utility may collect an amount from a person to cover any charge placed on a political subdivision or municipally owned utility as a result of the person paying by bank card or credit card. A vendor's fee is a charge that is generally part of the negotiated contract associated with accepting credit card payments. Currently, a political subdivision or municipally owned utility is not allowed to charge the person paying by bank or credit card an amount to cover this fee.

Vendor's fees vary and may be dependent on negotiated contracts as well as the amount of each transaction. For example, the vendor fees paid by the state's Bureau of Motor Vehicles are a percentage (approximately 1.8%) of the credit card charges made to the BMV. The Secretary of State also charges the vendor's fee to customers who choose to pay by credit card on the agency's Internet site. The fee ranges between \$2.20 and \$4.40, depending on the service or item being purchased.

The fiscal impact of this bill is determined by the amount of a vendor's fee, which varies, and is dependent on local action.

Hazardous Materials Response Fund - Currently, a fire department may impose a service charge on the responsible party for a hazardous materials emergency to which the fire department responded and assisted in cleaning up, containing, or controlling the hazardous materials. A fire department which imposes such a charge may maintain action for reimbursement and recover all costs including attorneys fees, and may also impose late penalties. Service charges are dependent on the total value of assistance provided per incident. Revenue from these charges is to be deposited in the general fund of the unit that established the responding

fire department.

This bill allows the establishment of a Hazardous Materials Response Fund (Fund), into which these revenues would be deposited if the unit that established the fire department is a city or town. The costs to administer the Fund would be paid from the money in the Fund, interest accrued would be deposited in the Fund, and any money remaining at the end of the fiscal year would not revert back to the unit's general fund.

Because current statute designates the uses for revenue generated from the above charges, the unit's general fund would only be impacted by the loss of accrued interest diverted to the Hazardous Materials Response Fund. This amount would be dependent on the revenue generated from hazardous materials emergencies to which fire departments, established by cities or towns, respond.

The fiscal impact of this bill is dependent on the amount to be charged per incident by fire departments established by cities or towns, which varies depending on the total value of assistance provided. The fiscal impact of this bill is also dependant on local action. This bill does not affect those fire departments established by townships.

State Agencies Affected: State Board of Accounts.

Local Agencies Affected: Local highway and street departments; political subdivisions and municipally owned utilities; city and town fire departments.

Information Sources: Charlie Pride, Supervisor-Cities and Towns, State Board of Accounts, 232-2521; State Treasurer's Office; Secretary of State web site, www.in.gov/sos/; Bureau of Motor Vehicles.

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